



House of Representatives

File No. 813

General Assembly

January Session, 2011

(Reprint of File No. 19)

House Bill No. 5437
As Amended by House
Amendment Schedule "A"

Approved by the Legislative Commissioner
May 19, 2011

AN ACT CONCERNING SECURITY DEPOSITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (1) of subsection (i) of section 47a-21 of the
2 general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective January 1, 2012*):

4 (i) (1) On and after July 1, 1993, each landlord other than a landlord
5 of a residential unit in any building owned or controlled by any
6 educational institution and used by such institution for the purpose of
7 housing students of such institution and their families, and each
8 landlord or owner of a mobile manufactured home or of a mobile
9 manufactured home space or lot or park, as such terms are defined in
10 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each
11 security deposit received by him at a rate of not less than the average
12 rate paid, as of December 30, 1992, on savings deposits by insured
13 commercial banks as published in the Federal Reserve Board Bulletin
14 rounded to the nearest one-tenth of one percentage point. [, except in
15 no event shall the rate be less than one and one-half per cent.] On and

16 after January 1, [1994] 2012, the rate for each calendar year shall be not
 17 less than the deposit index, as defined in subdivision (2) of this
 18 subsection, for that year. [, except in no event shall the rate be less than
 19 one and one-half per cent.] On the anniversary date of the tenancy and
 20 annually thereafter, such interest shall be paid to the tenant or resident
 21 or credited toward the next rental payment due from the tenant or
 22 resident, as the landlord or owner shall determine. If the tenancy is
 23 terminated before the anniversary date of such tenancy, or if the
 24 landlord or owner returns all or part of a security deposit prior to
 25 termination of the tenancy, the landlord or owner shall pay the
 26 accrued interest to the tenant or resident [within] not later than thirty
 27 days [of] after such termination or return. In any case where a tenant
 28 or resident has been delinquent for more than ten days in the payment
 29 of any monthly rent, [he] such resident or tenant shall forfeit any
 30 interest [which] that would otherwise be payable to [him] such
 31 resident or tenant for that month, except that there shall be no such
 32 forfeiture if, pursuant to a provision of the rental agreement, a late
 33 charge is imposed for failure to pay such rent within the time period
 34 provided by section 47a-15a. No landlord or owner shall increase the
 35 rent due on any quarters or property subject to the provisions of this
 36 section because of the requirement that interest be paid on any security
 37 deposit made with respect to such quarters or property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2012</i>	47a-21(i)(1)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

This bill impacts transactions between private parties and has no fiscal impact on the state or municipalities.

House "A" (LCO 5629) was technical and resulted in no fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 5437 (as amended by House "A")******AN ACT CONCERNING SECURITY DEPOSITS.*****SUMMARY:**

This bill eliminates the requirement that a landlord pay a minimum 1.5% interest rate on residential security deposits. Current law requires a landlord to pay at least the average savings deposit interest rate paid by insured commercial banks published in the Federal Reserve Board Bulletin in November of the prior year (i.e., deposit index), but not less than 1.5%. (The 2010 deposit index rate is 0.28%.) The bill retains this method for calculating the security deposit interest rate.

The bill also makes technical changes.

*House Amendment "A" removes the provision allowing a tenant to provide his or her forwarding address to a landlord by email and changes the bill's effective date from October 1, 2011 to January 1, 2012.

EFFECTIVE DATE: January 1, 2012

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (02/10/2011)

Housing Committee

Joint Favorable

Yea 9 Nay 0 (03/22/2011)